

HOUSE BILL REPORT

HB 1066

As Reported By House Committee On:
Capital Budget

Title: An act relating to the maintenance of state facilities.

Brief Description: Providing for the maintenance of state facilities.

Sponsors: Representatives Pennington, Chopp, Mason, Costa, Skinner, Hankins, Ogden and L. Thomas.

Brief History:

Committee Activity:

Capital Budget: 1/21/97, 1/30/97 [DP].

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: Do pass. Signed by 10 members: Representatives Sehlin, Chairman; Honeyford, Vice Chairman; Sullivan, Assistant Ranking Minority Member; Costa; Hankins; Koster; Lantz; Mitchell; D. Sommers and H. Sommers.

Staff: Karl Herzog (786-7271).

Background: The Office of Financial Management (OFM) provides central budget and accounting services for state agencies. Each biennium, state agencies are required to prepare long-range capital plans displaying the estimated capital budget funding necessary to support their facilities program over a 10-year period. The OFM is responsible for adopting instructions for the preparation of these plans.

In 1993, the OFM was directed to maintain an inventory system to account for the location, type, and size of each owned or leased facility utilized by state government. Preliminary information from the Facility Inventory System (FIS) indicates that state agencies currently own approximately 71.5 million square feet of facilities.

The costs associated with state-owned facilities are funded in both the capital and operating budgets. Initial acquisition, construction, and major repair costs are funded in the capital budget. Small repairs, ongoing preventive maintenance tasks, utility payments, and janitorial expenses are funded in the operating budget.

In 1995, the House Capital Budget Maintenance Subcommittee and the OFM's Capital Policy and Communications Committee jointly conducted a survey to collect information about state agency maintenance practices. The survey revealed that maintenance definitions, practices, and budget and accounting systems varied widely among agencies. The survey also revealed that, on average, agencies were able to complete about 40 percent of scheduled maintenance tasks. Fourteen agencies reported a total deferred maintenance backlog of approximately \$334 million. Given the large variation in the definitions and accounting methodologies used by agencies, the committees recommended that the survey results be viewed as indicators rather than accurate measures.

In 1996, the OFM's Capital Policy and Communications Committee initiated several reforms to state agency maintenance planning, budgeting, and reporting practices to begin to address the issues identified in the maintenance survey. These reforms include:

1. Publication of standard definitions for preventive, predictive, and deferred maintenance in the 1997-99 capital budget instructions. (Status: complete.)
2. Expansion of the statewide facility inventory system to include information about the condition of facilities. (Status: in progress.)
3. Development of a prototype report for central reporting of facility and maintenance information on an annual basis. (Status: in progress.)
4. Preparation of multi-year backlog reduction— plans within agency capital budget requests to address deferred preservation projects and other work needed to repair and extend the useful life of facilities. (Status: complete.)

The Department of General Administration (GA) provides central construction management services to other agencies, and manages and operates facilities on the capitol campus and at other locations. In 1996, GA established a voluntary program, known as the Plant Operations Support Program (POSP), to provide technical assistance, consultation, and clearing house support to state and local governments on plant operations and facility maintenance issues. The POSP is funded by voluntary subscription fees, grants, and service fees.

Summary of Bill: The recent reforms to state agency maintenance planning, budgeting, and reporting practices are codified to ensure that they are sustained into the future.

Information about the condition of facilities must be included in the statewide Facility Inventory System (FIS). The OFM must publish a report summarizing information in the FIS by October 1 each year, beginning in 1997.

The GA must operate a plant operation and support program to provide information, technical assistance, and consultation on physical plant operation and maintenance issues to state and local governments. The program must be funded by voluntary subscription charges and service fees.

Capital budget plans must include a strategic plan for reducing backlogs of maintenance and repair projects. The plans must include a prioritized list of specific projects, project cost estimates and implementation schedules, and identification of normal maintenance activities to reduce future backlogs.

Maintenance terms and definitions are standardized within the budget and accounting act.

The OFM must publish annual maintenance summary reports beginning in October, 1997. State agencies must prepare separate reports for each major campus or site. The reports must include information about: the number, size, and condition of state-owned facilities; facility maintenance, repair, and operating expenses paid from state operating and capital budgets; maintenance staffing levels; the condition of major infrastructure systems; and maintenance management initiatives undertaken by the agencies. Agencies must submit their reports to the OFM by September 1 each year.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: Facility maintenance is not an exciting issue, though it is an important fiduciary responsibility of state government. The initiatives in the bill result from a collaborative effort between the Capital Budget Maintenance Subcommittee, the Office of Financial Management, and state agencies to improve maintenance planning and budgeting systems. The bill will ensure that the results of this work are sustained into the future. Standard definitions and reporting systems will foster increased accountability. The Department of General Administration's Plant Operation Support Program has already provided a tremendous amount of information to state agencies and local governments.

Testimony Against: None.

Testified: Representative John Pennington, prime sponsor; Representative Frank Chopp; Rex Derr, Washington State Parks and Recreation Commission; Marsha Tadano Long and Grant Fredericks, Department of General Administration; and John Fricke, Office of Financial Management.